

# How Does It Work?

Once established, the DDA prepares a development plan and a tax increment financing plan to submit for approval to the local municipality. A development plan describes the costs, location and resources for the implementation of the public improvements that are projected to take place in the DDA district. A tax increment financing plan includes the development plan and details the tax increment procedure, the amount of bonded indebtedness to be incurred, and the duration of the program. After adoption of the two plans, the development plan is implemented and the tax increments, which occur as a result of improvements in the eligible property, accrue to the DDA to be used as required by the development plan. The activities of the DDA may be financed by:

- Donations to the authority
- Proceeds from the levy of a millage
- Revenue bonds
- Revenues from buildings owned or leased by the DDA
- Tax increments
- Special assessment
- Grants

An annual report must be submitted to the municipality and to the State Tax Commission on the status of the tax increment financing plan.